

If You Work For A Nonprofit Organization

Before 1984, people who worked for nonprofit organizations did not pay into Social Security unless they specifically chose to take part in the program. But the law changed in January 1984; **since that time, all employees of nonprofit organizations are required to pay Social Security taxes.**

This factsheet explains some special rules about how employees of nonprofit religious, charitable or educational organizations may earn credits toward Social Security benefits.

Social Security And Medicare Taxes

Generally, as an employee of a nonprofit organization, your earnings are subject to Social Security taxes if you are paid \$100 or more in a year. (People who work for profit-making organizations pay taxes on all their earnings, even if less than \$100.) But the Social Security tax rates you pay are the same as other workers. In 2003, you and your employer each pay 7.65 percent of your gross salary up to \$87,000. If you make more than that, you and your employer continue to pay the Medicare portion of the Social Security tax (1.45 percent each) on the rest of your earnings.

If You Work For A Religious Organization

Some religious groups oppose paying Social Security taxes. By law, they are permitted to choose not to participate in the Social Security program.

When a religious group doesn't participate, it doesn't withhold those taxes from your wages or pay the matching share of Social Security taxes like other employers.

If you work for a religious organization that doesn't pay into the Social Security program, you must pay Social Security taxes if your earnings are more than \$100 per year. In effect, you are treated similarly to those who are self-employed. The self-employment tax rate is 15.3 percent, although there are special tax credits

you can take when you file your tax return. For more information about Social Security self-employment taxes, contact us for a copy of the factsheet, ***If You're Self-Employed*** (Publication No. 05-10022).

Credits Needed For Benefits

In 2003, you'll receive one Social Security credit for each \$890 of earnings, up to a maximum of four credits per year. The amount of earnings you need for a credit will go up each year as average earnings levels increase. The number of credits you need to be eligible for Social Security benefits depends on your age and the type of benefit you're eligible for. The next three sections explain this in more detail.

Retirement Benefits

To be eligible for Social Security retirement benefits, people born in 1929 or later need 40 credits. Those born before 1929 need fewer than 40 (39 if born in 1928, 38 if born in 1927, etc.).

However, if you work for a nonprofit organization whose Social Security coverage was mandated by law starting in 1984, you may be able to receive retirement benefits with fewer credits. If you were **both** age 60 or older **and** an employee of the organization on January 1, 1984, you'll need as few as **six** credits to apply for retirement benefits. Contact us if you have questions concerning your situation. (The credits must be earned after January 1, 1984. This special rule does not apply if you declined Social Security coverage when it was offered by your employer prior to January 1, 1984.)

Disability Benefits

The number of credits you need for disability benefits depends on your age and when you become disabled. No one needs more than 40 credits (10 years of work), but you may need fewer. For more information about work credits needed for disability benefits, contact us for a copy of the booklet, ***Disability Benefits*** (Publication No. 05-10029).

Survivors Benefits

Survivors benefits may be payable to the widow or widower and minor children of a worker who earned enough Social Security credits. The number of credits needed depends on the worker's age at the time of death. As few as six credits (one-and-a-half years of work) are needed to pay benefits to the survivors of a worker age 28 or younger. The table below gives examples of the work credits needed for survivors coverage of workers at other ages.

Work Credits Needed	
Age At Death	Credits
35	13
40	18
45	23
50	28
55	33

What Social Security Can Mean To You And Your Family

Protection For Your Family

You probably know that contributions you and your employer make pay for Social Security benefits. But, did you know that Social Security is more than retirement? If you die, your spouse and dependent children may be eligible for benefits. Or, it can supply much needed financial help to you and your family if you become disabled. If you're a young person who worked and paid Social Security taxes for as few as 18 months, it's possible that you may be eligible for disability benefits for you and your family.

The amount of your Social Security benefit depends on how much you earned, and it goes up automatically with the cost of living. Social Security is here to help you and your family. For more information about these benefits, contact us for the booklet, ***Understanding The Benefits*** (Publication No. 05-10024).

You Can Work And Receive Retirement Benefits

You can retire as early as age 62. But, you can continue to work and still get retirement benefits. If you're under your full retirement age, there are limits on how much you can earn without losing some or all of your retirement benefits. These limits change each year. When

you apply for benefits, we'll tell you what the limits are at that time and whether work will affect your monthly benefits. When you reach your full retirement age, the earnings limits no longer apply.

Because of longer life expectancies, the full retirement age will gradually increase until it reaches age 67. This change starts in 2003 and affects people born in 1938 and later. To help you decide when is the best time for you to retire, contact us for a copy of the booklet, ***Retirement Benefits*** (Publication No. 05-10035).

For More Information

Check our website at **www.socialsecurity.gov** for answers to many of the questions you may have about Social Security. You also can call us toll-free at **1-800-772-1213**. We can answer specific questions by phone from 7 a.m. until 7 p.m. on business days and provide information by automated phone service 24 hours a day. If you are deaf or hard of hearing, you can call our TTY number, 1-800-325-0778, between 7 a.m. and 7 p.m. on business days.

We treat all calls confidentially—whether they're made to our toll-free numbers or to one of our local offices. We also want to make sure you receive accurate and courteous service. That is why we have a second Social Security representative monitor some incoming and outgoing calls.

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